



May 12, 2004

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BOB ALDRICH
Acting Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer
Policy Analyst

SUBJECT: Proposed "Serrano Heights Reorganization" and Sphere of
Influence Amendments (RO 04-01)

APPLICANT

Orange Unified School District (OUSD), by Landowner Petition.

PROPOSAL DESCRIPTION

This proposal consists of a reorganization of city and district jurisdictional boundaries involving territory located in the Northeastern-most portion of both the cities of Anaheim and Orange. The proposal includes the following actions in three separate parcels:

Parcel #1:

- Detachment from the City of Anaheim and annexation to the City of Orange of approximately 10.094 acres of territory
- Annexation of the same territory to Municipal Water District of Orange County (MWDOC)

Parcel #2:

- Detachment from the City of Orange and annexation to the City of Anaheim of approximately 0.214 acres of territory
- Detachment of the same territory from Municipal Water District of Orange County (MWDOC)

Parcel #3:

- Detachment from the City of Anaheim and annexation to the City of Orange of approximately 0.141 acres of territory
- Annexation of the same territory to Municipal Water District of Orange County (MWDOC)

Additionally, the spheres of influence for MWDOC and the cities of Anaheim and Orange are proposed to be concurrently amended to reflect consistent changes in district and city jurisdictional boundaries.

BACKGROUND

In 1990, the City of Orange adopted a specific plan for the Serrano Heights development project that provided for the development of 1,800 residential units and approximately 469 acres of open space consistent with the City's General Plan and approved Development Agreement. The Commission has approved two earlier changes of organizations involving the Serrano Heights Development project. Consistent with the current proposal, both prior actions also involved the Cities of Anaheim and Orange. The first proposal, Serrano Heights project area 9A, came before the Commission in 1988 and involved the annexation of 166 acres of unincorporated County island territory to the two cities. The City of Orange annexed 162 acres of the property to facilitate the development of single family homes. The remaining 4 acres was annexed to the City of Anaheim for the purpose of developing either a fire station or commercial properties. The proposal included concurrent amendments to both cities' spheres of influence.

In 2001, the Commission approved a subsequent reorganization, the Serrano/Nohl Ranch Reorganization, to correct a technical mapping error that occurred through the 1988 action and to place all of the property owned by the City of Orange within its city limits. Approximately 1 acre was detached from the City of Anaheim and annexed to the City of Orange and a 0.84-acre parcel was detached from the City of Orange and annexed to Anaheim. Both cities' spheres were amended to reflect the changes.

THE CURRENT PROPOSAL

The current proposal before the Commission represents the intent to develop the last remaining portion of the Serrano Heights Development area within the City of Orange. The reorganization will geographically expand the City of Orange's boundary to enable the completion of Serrano Heights project area 9B within the Serrano Heights Specific Plan Zone. The project includes:

- A 97-unit townhouse development
- Creation of a 3-acre public park site
- A four-acre permanent open space set-aside

The above project elements are proposed for development within the City of Orange pending the approval of this reorganization. Additionally, the developer, SunCal Companies, pursuant to an agreement with the Orange Unified School District, will create two lighted multi-purpose sports fields at the Anaheim Hills Elementary School (AHES) site. The detachment from Orange and annexation to Anaheim of the 0.214-acre parcel will facilitate the development of the sports field entirely within the city of Anaheim's boundary. Completion of the enhanced sports fields will fulfill one of the most common requests from residents of the area - lighted ball fields to accommodate evening sporting events.

LOCATION

The proposed reorganization area (project area 9B) is located near the intersection of Nohl Ranch Road and Serrano Avenue, adjacent to the Anaheim Hills Elementary School. (See Attachment A, vicinity map.)

LAND USE

Less Density-More Open Space

The current proposal reflects a less dense development plan than what was approved under the Serrano Heights Specific Plan specifically by reducing the number of housing units and setting aside territory for the 3-acre park and 4-acre open space parcel. The proposed 4-acre open space area, located south of the proposed park site and townhouse development, will be maintained by the master homeowners association for the Serrano Heights area.

City of Anaheim:

Government Code Section 56375(a) requires cities to which annexations are proposed to either: (a) prezone the territory to be annexed, or (b) provide evidence that the existing development entitlements on the territory are vested or are already at build-out, and are consistent with the city's general plan. All of the affected parcels are wholly contained within the scope of the Serrano Heights Specific Plan and the existing development agreements for the properties, including the 0.214-acre parcel (Parcel #2) proposed for annexation to the City of Anaheim. Development entitlements for Parcel #2 are therefore considered to be vested. This meets the intent and requirements of state law. Additionally, the City of Anaheim sent LAFCO a letter on May 3, 2004 (Attachment B) describing the City's existing land use policies which establish default zoning designations for any territories that currently do not have an existing zoning designation.

City of Orange:

The City of Orange has pre-zoned Parcels #1 and #3 as Planned Community zoning and amended its General Plan to include the proposed area and designate the area for Medium Density Residential, public park and permanent open space uses. Existing surrounding land uses are multi-family condominium homes to the north, open space to the south and west and the Anaheim Hills Elementary School to the east.

ENVIRONMENTAL REVIEW

The City of Orange, as lead agency, prepared and adopted an Addendum to Final Environmental Impact Reports 954 and 1305, for reconfiguration area 9B of the Serrano Heights Specific Plan, pursuant to the California Environmental Quality Act. The Addendum finds that the reconfiguration and development of project area 9B will not result in any significant environmental impacts not already addressed in Final EIR 954

and Final 1305 and supplemental documentation. As a responsible agency, the Commission may review and consider the City of Orange's Addendum to Final EIRs 954 and 1305 and adopted findings from EIR 1305. The Addendum to Final EIRs 954 and 1305, resolution No. 7664 certifying EIR 1305 and the City's adopted Statement of Facts and Findings for EIR 1305 are attached as (Attachment F). The full text of Final EIR 954 and 1305 is available for review at the LAFCO office.

PROPERTY TAX

Section 99 of the Revenue and Taxation Code requires both the City of Orange and the City of Anaheim to adopt resolutions agreeing to the exchange of property tax revenues upon completion of the reorganization. The cities of Orange and Anaheim adopted property tax exchange resolutions on January 27, 2004 and February 10, 2004 respectively. The cities concur that tax revenue accruing for the territories being annexed will be allocated in total to the respective annexing city.

STAFF RECOMMENDATION

Staff recommends that the Commission:

1. Make findings pursuant to State CEQA Guidelines §15096(g)(2) and §15096(h), that the Commission has considered the Addendum to Final EIR 954 and 1305 prepared by the City of Orange, and finds that the reconfiguration and development of project area 9B will not result in any significant environmental impacts not already addressed in Final EIR 954 and 1305 and supplemental documentation. The Commission has considered findings made by the City of Orange for EIR 1305 pursuant to §15091 and §15093, incorporated herein by this reference, adopted by the Commission as though fully set forth therein.
2. Amend spheres of influence and adopt Statements of Determinations (Attachments C, D, and E) as follows:
 - a. City of Orange: (1) expand to include Parcels #1 (10.094 acres) and #3 (0.141 acre), and (2) omit Parcel #2 (0.214 acre)
 - b. City of Anaheim: (1) expand to include Parcel #2 (0.214 acre), and (2) omit Parcels #1 (10.094 acres) and #3 (0.141 acre)
 - c. Municipal Water District of Orange County: (1) expand to include Parcels #1 (10.094 acres) and #3 (0.141 acre), and (2) omit Parcel #2 (0.214 acre)
3. Adopt the form of resolution approving the "Serrano Heights Reorganization" (RO 04-01) and waive conducting authority proceedings pursuant to Government Code Section 56663. The approval is subject to the following terms and conditions:
 - a) Payment of Recorder and State Board of Equalization fees.

- b) Upon the effective date of annexation of territories to the City of Orange, all right, title and interest of the City of Anaheim, including the underlying fee title where owned by the City of Anaheim in any and all sidewalks, trails, landscaped areas, open space, street lights, signals, storm drains, and bridges shall vest in the city, except for those properties to be retained by the City of Anaheim and specifically listed by these conditions.
- c) Upon the effective date of annexation of territory to the City of Anaheim, all right, title and interest of the City of Orange, including the underlying fee title where owned by the City of Orange in any and all sidewalks, trails, landscaped areas, open space, street lights, signals, storm drains, and bridges shall vest in the city, except for those properties to be retained by the City of Orange and specifically listed by these conditions.
- d) The applicant agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.
- e) The effective date shall be the date of recordation.

Respectfully submitted,

BOB ALDRICH

KIM A. KOEPPEN

Attachments:

- A. Vicinity Map
- B. City of Anaheim Letter and Map
- C. Statement of Determinations for the City of Orange
- D. Statement of Determinations for the City of Anaheim
- E. Statement of Determinations for the Municipal Water District of Orange County (MWDOC)
- F. Addendum to Final EIRs 954 and 1305
Findings of Fact/Statement of Overriding Considerations for EIR 1305
Orange City Council Minutes Approving Addendum to EIR 954 and 1305

ATTACHMENT C

STATEMENT OF DETERMINATIONS

SERRANO HEIGHTS REORGANIZATION (RO 04-01) **SPHERE OF INFLUENCE AMENDMENT** **FOR THE CITY OF ORANGE**

Government Code §56425

1. The present and planned land uses in the area, including residential, park and open-space lands.

The proposed amendment to Orange's sphere includes: (a) the inclusion of a 10.094-acre parcel ("Parcel 1"), and of a 0.141-acre parcel ("Parcel 3"), and (b) the removal of a 0.214-acre parcel ("Parcel 2"). The planned land use in "Parcels 1 and 3" has been identified as residential, open space and park uses and will be developed in accordance with the City's Serrano Heights Specific Plan. "Parcel 2" is proposed to be concurrently included in the City of Anaheim's sphere and is identified as Open Space and Public Uses by the City of Anaheim General Plan. The sphere of influence territory is located between the City of Anaheim and the City of Orange north and south of Serrano Avenue and west of Nohl Ranch Road.

2. The present and probable need for public facilities and services in the area.

The present and probable need for public facilities and services in "Parcels 1 and 3" are primarily for the proposed land uses under the City of Orange's Serrano Heights Specific Plan. Upon annexation of "Parcels 1 and 3" to the City of Orange, the City will provide municipal services to the area.

3. The present capacity of public facilities and the adequacy of public services which the agency provides or is authorized to provide.

The amendment to Orange's sphere of influence is consistent with annexation of "Parcels 1 and 3" to the City of Orange and the concurrent detachment of "Parcel 2" from the City of Orange. The City of Orange has adequate capacity and facilities to serve present and future land uses.

4. The existence of any social or economic communities in the area.

Land uses surrounding the site include residential and open space, and an elementary school.

ATTACHMENT D

STATEMENT OF DETERMINATIONS

***SERRANO HEIGHTS REORGANIZATION (RO 04-01)* SPHERE OF INFLUENCE AMENDMENT FOR THE CITY OF ANAHEIM**

Government Code §56425

1. The present and planned land uses in the area, including agriculture and open-space lands.

The proposed amendment to Anaheim's sphere includes: (a) the removal of a 10.094-acre parcel ("Parcel 1"), and of a 0.141-acre parcel ("Parcel 3"), and (b) the inclusion of a 0.214-acre parcel ("Parcel 2"). The planned land use in "Parcel 2" is identified as Residential-Agricultural - School Site by the City of Anaheim General Plan. "Parcels 1 and 3 are proposed to be concurrently included in the City of Orange's sphere and developed as residential, open space and park use, in accordance with the City's Serrano Heights Specific Plan. The sphere of influence territory is located between the City of Anaheim and the City of Orange south of Serrano Avenue and west of Nohl Ranch Road.

2. The present and probable need for public facilities and services in the area.

The present and probable need for public facilities and services in "Parcel 2" is primarily for the proposed land uses under the City of Anaheim's General Plan. Upon annexation of "Parcel 2" to the City of Anaheim, the City will provide municipal services to the area.

3. The present capacity of public facilities and the adequacy of public services which the agency provides or is authorized to provide.

The amendment to Anaheim's sphere of influence is consistent with annexation of "Parcel 2" to the City of Anaheim and the concurrent detachment of "Parcels 1 and 3" from the City of Anaheim. The City of Anaheim has adequate capacity and facilities to serve present and future land uses.

4. The existence of any social or economic communities in the area.

Land uses surrounding the site include residential and open space, and an elementary school.

ATTACHMENT E

STATEMENT OF DETERMINATIONS SERRANO HEIGHTS REORGANIZATION (RO 04-01) SPHERE OF INFLUENCE AMENDMENT FOR THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC)

Government Code §56425

1. The present and planned land uses in the area, including residential, park and open-space lands.

The proposed amendment to MWDOC's sphere includes: (a) the inclusion of a 10.094-acre parcel ("Parcel 1"), and of a 0.141-acre parcel ("Parcel 3"), and (b) the removal of a 0.214-acre parcel ("Parcel 2"). The planned land use in "Parcels 1 and 3" has been identified as residential, open space and park uses and will be developed in accordance with the City's Serrano Heights Specific Plan. "Parcel 2" is proposed to be concurrently included in the City of Anaheim's sphere and is identified as Open Space and Public Uses by the City of Anaheim General Plan. The sphere of influence territory is located between the City of Anaheim and the City of Orange north and south of Serrano Avenue and west of Nohl Ranch Road.

2. The present and probable need for public facilities and services in the area.

The present and probable need for public facilities and services in "Parcels 1 and 3" are primarily for the proposed land uses under the City of Orange's Serrano Heights Specific Plan. Upon annexation of "Parcels 1 and 3" to the City of Orange, the City will provide municipal services to the area, including potable water. As the City of Orange is a MWDOC member agency and purchases wholesale, domestic water from MWDOC, all territory included in the sphere of influence of the City of Orange will concurrently be included in the sphere of influence of MWDOC.

3. The present capacity of public facilities and the adequacy of public services which the agency provides or is authorized to provide.

The amendment to MWDOC's sphere of influence is consistent with annexation of "Parcels 1 and 3" to MWDOC and the concurrent detachment of "Parcel 2" from the MWDOC. The City of Orange is a member agency of MWDOC and all areas with the sphere of influence for the City of Orange must concurrently be included within MWDOC sphere of influence. The City of Anaheim is not a MWDOC member agency and therefore, territory proposed to be annexed to the City of Anaheim must be concurrently detached from MWDOC.

4. The existence of any social or economic communities in the area.

Land uses surrounding the site include residential and open space, and an elementary school.